BRITISH COLUMBIA
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BCStats

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Exports ◆ February 2010

- There was a 1.8% decline in British Columbia origin exports over the first two months of 2010 compared to the same period a year earlier. Shipments to the United States fell 6.6% and exports to the European Union were down 13.0%. However, there continues to be strong growth in goods exports to Mainland China (+17.4%) and shipments to the Pacific Rim overall increased 10.3%.

- Coal has been the top BC export year-to-date, despite the fact that coal shipments are down 20.7% from 2009. However, the decline is entirely due to a drop in price as volumes shipped have actually increased 39.3%. The decline in the value of coal exports pushed overall energy exports down 4.7%, despite growth in shipments of natural gas (+4.0%), electricity (+129.5%) and other energy products (+22.9%).

- Softwood lumber exports were well up (+22.1%) compared to the first two months of 2009; however, most other solid wood products experienced a decline in exports, with the exception of logs, which saw shipments climb 40.1%. Overall solid wood exports climbed 12.3%.

- Elsewhere in the forest sector, exports of pulp and paper products dipped 3.5%, led by a 45.9% drop in newsprint shipments. Pulp exports actually experienced strong growth, rising 14.7%, but in addition to newsprint, paper and paperboard (-26.0%) and other pulp and paper products (-5.3%) also saw a slump in exports, offsetting the growth in pulp. Much of the increase in pulp exports is due to higher prices as volumes shipped grew only 2.7%.

- There has been strong growth in shipments of metallic mineral products year-to-date (+51.6%). Exports of copper ores and concentrates jumped 182.4% to lead the way. Unwrought zinc shipments (+74.7%) also experience robust growth, but exports of unwrought aluminum (-29.0%) and molybdenum ores and concentrates (-4.9%) fell. Shipments of all other metallic mineral products (+50.3%) climbed significantly. However, exports of fabricated metal products dropped 16.3%.

- International shipments of machinery and equipment slumped 13.7%, exports of chemicals and chemical products dropped 12.6% and shipments of agriculture and food (-12.3%) and fish products (-11.0%) also fell.

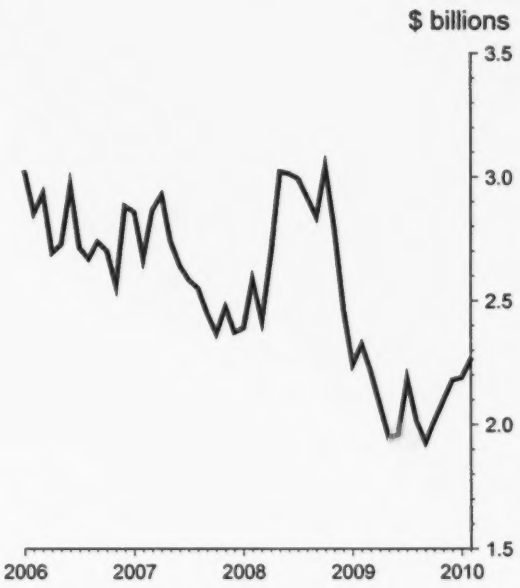
Pulp exports have risen sharply early in 2010

SEASONALLY ADJUSTED EXPORTS

Seasonal adjustment supplies a means of making month-to-month comparisons by removing the regular periodic seasonal fluctuations that occur. Variations from normal seasonal patterns are revealed in the seasonally adjusted data series.

- BC's exports climbed 3.3% in February, the fifth consecutive month shipments have increased. Forest products (+4.3%), industrial and consumer goods (+5.3%), energy (+2.8%) and agriculture and fish products (+8.2%) all experienced solid growth, while machinery, equipment and automobiles bucked the overall trend, slumping 4.9%.
- Exports were up to both the US (+3.5%) and the rest of the world (+3.2%). Industrial and consumer goods exports to the US dropped 12.6%, while shipments of those goods to other destinations jumped 20.8%.

Exports (adjusted for seasonality) climbed for the fifth straight month in February



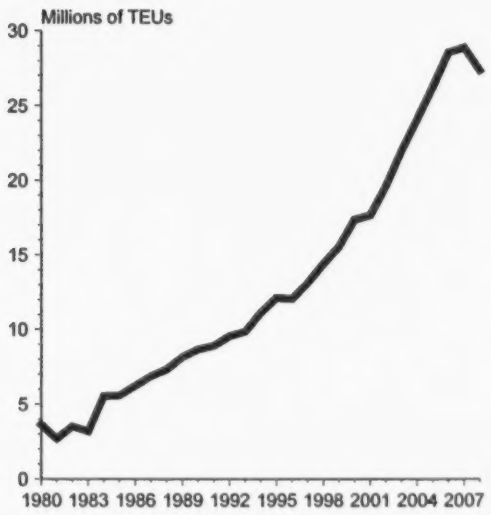
BC Exports, Seasonally Adjusted ($Millions)

Month	Agriculture & Fish	Energy	Forest Products	Machinery& Equip, Auto	Industrial, Consumer	Total	Exports to USA
Feb 2008	197	543	860	332	652	2,584	1,491
Mar	180	579	787	325	550	2,420	1,480
Apr	193	735	811	320	623	2,682	1,528
May	187	845	862	322	806	3,022	1,422
Jun	185	993	794	330	711	3,014	1,540
Jul	181	1,084	809	324	595	2,994	1,645
Aug	201	854	765	345	755	2,919	1,427
Sep	208	871	807	330	622	2,839	1,395
Oct	220	1,005	841	349	624	3,039	1,565
Nov	209	911	743	343	583	2,788	1,433
Dec	206	782	692	322	461	2,463	1,300
Jan 2009	211	626	637	301	469	2,244	1,246
Feb	208	722	618	287	491	2,325	1,207
Mar	205	605	598	271	536	2,214	1,105
Apr	196	572	599	268	442	2,077	1,057
May	193	489	574	272	417	1,945	1,057
Jun	194	507	567	256	435	1,959	1,009
Jul	205	662	587	271	460	2,184	1,023
Aug	178	530	579	250	480	2,017	1,003
Sep	171	499	577	228	455	1,929	1,002
Oct	185	484	583	247	518	2,016	1,038
Nov	176	539	598	248	537	2,099	1,079
Dec	176	594	611	260	539	2,180	1,090
Jan 2010	175	617	639	257	501	2,189	1,112
Feb	189	634	667	245	528	2,262	1,150

Economic Downturn Kept the Lid on Container Traffic in 2009

The global economic downturn has had a dampening effect on international trade as both consumer and industrial demand for goods has slumped, halting a more than 20-year period of almost steady growth in container cargo traffic on the Pacific Coast of North America. From 1980 through 2007, container traffic in Pacific Coast ports in North America climbed almost 700% before the economic downturn resulted in a 5% decline in 2008.[1] While comprehensive 2009 data are not yet available, based on the figures from several major ports that have published 2009 numbers, there was likely a further drop in container traffic of somewhere around 10 to 15% in 2009.

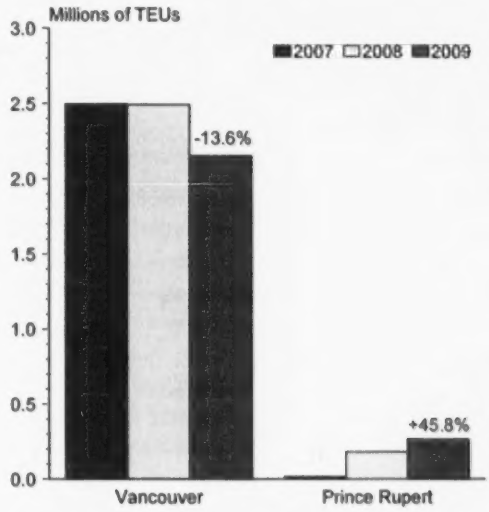
Container traffic on the Pacific Coast of North America has skyrocketed since 1980



Source: American Association of Port Authorities

Port Metro Vancouver handled 13.6% fewer containers in 2009, a drop of almost 340,000 TEUs.[2] The largest component of the decline was an 18.7% drop in loaded inbound containers (approximately 231,000 TEUs). In fact, containers laden with goods for export actually experienced a slight increase (+1.1%). There was a significant drop in traffic of empty containers from the port (-35.0%), but the decline was entirely due to a drop in outbound empty containers (-63.1%) as inbound empty containers more than doubled (+106.5%).

Vancouver saw a drop in container traffic in 2009, while Prince Rupert experienced growth



Source: Port Metro Vancouver, Prince Rupert Port Authority

[1] Source: American Association of Port Authorities.

[2] A TEU is a twenty-foot equivalent unit, which is the standard measure of container traffic based on the length of a container (e.g., a 40-foot container would be two TEUs).

While Vancouver saw a drop in container traffic, the relatively new facility in Prince Rupert experienced strong growth of 45.8%, handling over 265,000 TEUs in 2009. However, this is still just over half its annual 500,000 TEU capacity.

The container facility at Prince Rupert was conceived during a period when container traffic was growing exponentially and demand was starting to exceed capacity at Pacific Coast ports, such that congestion at these ports was causing delays and forcing some shippers to eschew them altogether and move their merchandise through the Panama Canal to East Coast ports. As a result of the slump in container traffic accompanying the economic downturn, this problem of port congestion has temporarily abated. It has also led to a postponement of expansion plans for the Prince Rupert container facility.

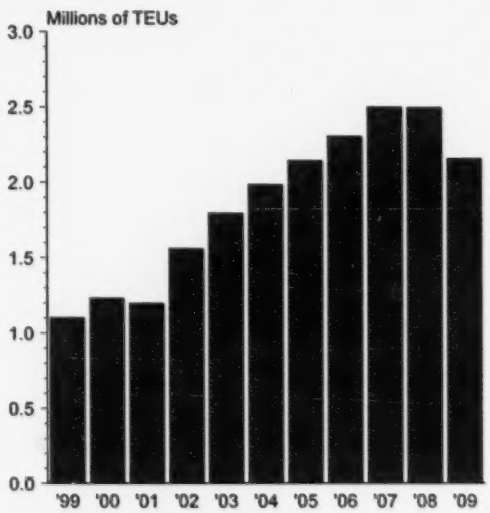
Originally, phase two of the plan was to quadruple the container facility's capacity to two million TEUs with construction starting in 2010, but given that the port is not yet operating close to capacity and overall container traffic is still well down, the expansion plans have been delayed for at least a year.

At Port Metro Vancouver,[3] a third berth was recently completed at Deltaport, which has expanded container capacity by 600,000 TEUs per year. There are further plans for a new container terminal on Roberts Bank that would add an additional 1.9 million TEUs of capacity, but given the recent slowdown in demand and protests over environmental concerns, the timing of that new facility is uncertain.

[3] The Port of Vancouver merged with the Fraser River ports at the beginning of 2008 to form a new entity called Port Metro Vancouver.

The expansion plans for Vancouver were developed in response to the phenomenal growth in container traffic between North America and other regions of the Pacific Rim. Much of this growth was generated as a result of globalization of manufacturing and the emergence of Asian countries such as China as economic powerhouses. Before stalling in 2008 and then dropping in 2009, container traffic at Vancouver's ports had experienced several years of strong growth.

After years of strong growth, container traffic at Port Metro Vancouver slumped in 2009



Source: Port Metro Vancouver

Vancouver and Prince Rupert are not the only Pacific Coast ports with expansion plans. Both Los Angeles and Long Beach are looking at port expansion, including adding container capacity. The projects have been held up due to environmental concerns, but the ports developed a Clean Air Action Plan that could clear the way for expansion to proceed. Elsewhere, there are several projects in Mexico that could add substantial container capacity. The new facility at Lazaro Cardenas is expected to boost its capac-

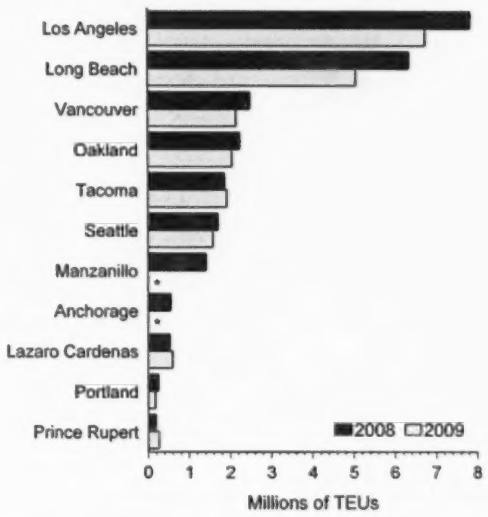
ity from around 700,000 TEUs to 2 million. There are also plans for a new container facility at Guaymas and a massive 6 million TEU port at Punta Colonet on the Baja peninsula. The port is expected to be the centrepiece of a new city of a quarter million people on the site of the town with a current population of less than 10,000. Both Guaymas and Punta Colonet are being designed to act as intermodal facilities serving the US market.

The Mexican ports are not likely to compete directly with BC ports, but Los Angeles/Long Beach and other American ports on the West Coast do represent direct competition, particularly for Prince Rupert. This is because Prince Rupert's primary market is the US Midwest, whereas Vancouver's ports service mainly the Canadian market.

Prince Rupert does have some significant advantages over the American ports: It has the deepest natural harbour on the West Coast and is ice-free all year long, it is at least a couple days closer to key Asian markets in terms of sailing time, it has extensive rail connections and there are none of the congestion problems that have been experienced at other ports.

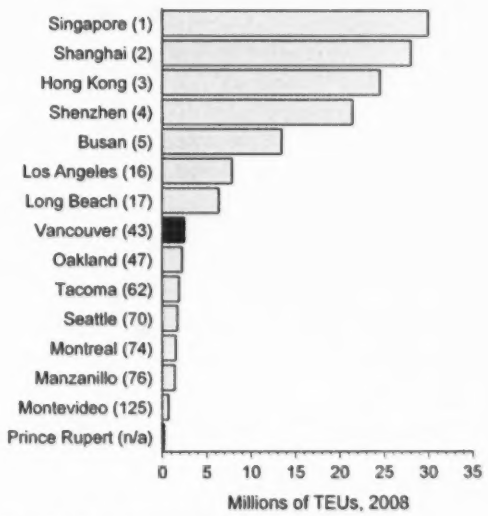
In 2009, Prince Rupert leapfrogged Portland, Oregon in terms of the volume of containers handled by the port, which was enough to rank it tenth among container ports on the Pacific Coast of North America. Port Metro Vancouver, as a result of expansion and the merge with the Fraser River ports, has become the third largest container port on the Pacific Coast, just ahead of Oakland, but well behind the large ports in Los Angeles and Long Beach. However, on a global scale, the container traffic at the Vancouver and Prince Rupert ports is still small relative to the world's largest ports in Asia.

Prince Rupert jumped ahead of Portland in 2009 to rank 10th in terms of container traffic on the Pacific Coast of North America



* 2009 data unavailable
Source: American Association of Port Authorities (2008), Individual Port Authorities (2009)

Vancouver and Prince Rupert container traffic is still tiny compared to the world's largest container ports



Note: World ranking in brackets after country name
Source: American Association of Port Authorities, Prince Rupert Port Authority

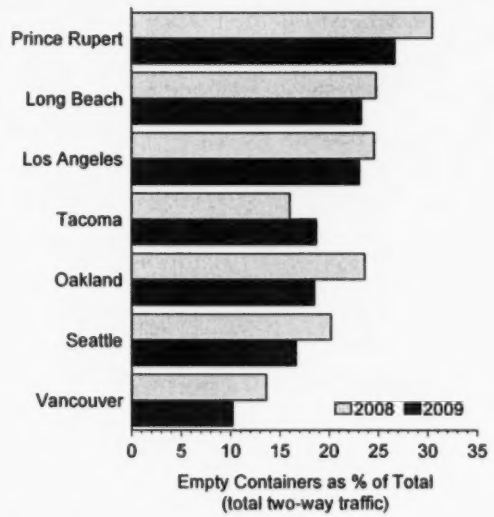
In 2008, Vancouver ranked as the 43rd largest container port in the world, with only one twelfth the volume of container traffic compared to Singapore, the top ranked port. Even if it had been operating at full capacity, Prince Rupert would still have failed to crack the top 125 container ports. In actual fact, operating at about 36% capacity in 2008, it handled only about a quarter the volume as the port at Montevideo, which was the 125th ranked port.

Nevertheless, the strong growth in 2009 in the face of a global downturn in demand is a sign that Prince Rupert should be able to approach capacity as container traffic picks up in conjunction with economic recovery. There is little doubt that the planned expansion for this port will eventually occur given the advantages offered by Prince Rupert and the infrastructure that has been put into place. For instance, rail lines and equipment have been upgraded and an intermodal rail terminal was constructed in Prince George designed to load containers with export goods to be carried on backhaul routes. Such a facility helps maximize revenue for the port and shippers alike as there will be fewer empty containers heading outbound.

This is one area where Vancouver has a definite advantage over other Pacific Coast ports. Unlike Los Angeles and Long Beach, which are heavily weighted to dealing with imports, Vancouver has significant traffic in exported goods as well, such that it has far fewer empty containers leaving the port. Having the containers at least partially full helps offset the cost of the return voyage.

In 2009, only 10.2% of containers handled at the Vancouver port were empty. Oddly enough, there were slightly more inbound empty containers than there were outbound empties. This was quite a change from a year earlier when approximately 83% of empty containers handled by the port were outbound. The explanation for this unusual situation is likely related to the fact that the demand for exports shipped by container remained static, even increasing slightly, while imports shipped by container fell dramatically. As a result, there were fewer empty outbound containers, while the number of inbound containers increased.

Vancouver has significantly fewer empty containers compared to most West Coast ports



Source: Individual Port Authorities

The types of imported goods shipped by container through Vancouver are generally manufactured goods, particularly household items, whereas exported goods transported in containers through Port Metro Vancouver tend to be resource products, such a pulp, lumber, metals and so on.

Of the containers handled at the Prince Rupert port in 2009, 26.7% were empty. Despite the new intermodal facility in Prince George, virtually all the empty containers were outbound. For the major American ports of Long Beach,

Los Angeles, Seattle, Tacoma and Oakland, the ratio of empty containers ranged from 18.5% to 23.3% in 2009, all substantially higher than that of Vancouver. The one interesting thing to note is that the percentage of empty containers has been trending downward over the last several years, indicating that ports and shipping companies are making more efficient use of their resources.

While the global economic downturn definitely resulted in a decline in the volume of container traffic worldwide, it is probable that as the economy turns around, container volumes will rise once again. It is unlikely that the globalization that has occurred in the last couple of decades will suddenly be reversed, such that there would be a permanent decline in container shipping. Rather, there will probably be a gradual return to growth in traffic, which in turn will once again put expansionary pressure on Pacific Coast ports.

Recent Feature Articles in Exports Release
Listed by Statistical Reference Date of Issue

10-02 *Economic Downturn Kept the Lid on Container Traffic in 2009* *(released April 2010)*

10-01 *Stormy Weather: BC Exports in 2009's Economy* *(released March 2010)*

09-12 *Provincial Export Comparison* *(released February 2010)*

09-11 *BC's Exports to Oceania Watered Down in 2009* *(released January 2010)*

09-10 *High Dollar Spurs Capital Investment* *(released December 2009)*

09-09 *BC's Pulp and Paper Exporters Facing Challenges* *(released November 2009)*

09-08 *China Continues to Buy BC Goods* *(released October 2009)*

09-07 *Energy Exports are Powering Down...For Now* *(released September 2009)*

09-06 *Adding Some Heat to Trade with India* *(released August 2009)*

09-05 *Trade with the Other Americas* *(released July 2009)*

09-04 *The State of Canada's Trade with the USA* *(released June 2009)*

09-03 *British Columbia's Trade Balance Tipped in Favour of Imports* *(released May 2009)*

09-02 *Fifteen Years of Free Trade with Mexico* *(released April 2009)*

09-01 *Twenty Years of Free Trade with the United States* *(released March 2009)*

08-12 *Canada Seeks Trade Deal with the European Union* *(released February 2009)*

08-11 *Adversity Leads to Diversity* *(released January 2009)*

08-10 *Import Content of BC's Exports* *(released December 2008)*

08-09 *BC's Trade in High Technology Goods* *(released November 2008)*

08-08 *Milking the System: Is Canada's Supply Management System an Impediment to Free Trade?* *(released October 2008)*

08-07 *Charting BC's Exports* *(released September 2008)*

08-06 *Bad News for Newsprint Exports* *(released August 2008)*

08-05 *Asia Offers Potential as a Destination for BC Exports* *(released July 2008)*

08-04 *The Price is Right for Coal Producers in BC* *(released June 2008)*

08-03 *Border Line Threats to Trade* *(released May 2008)*

08-02 *Call of the Loonie: American Film and Television Productions Shun BC in 2007* *(released April 2008)*

08-01 *BC Commodity Exports: Year in Review 2007* *(released March 2008)*

07-12 *Canada and Peru Agree on Free Trade* *(released February 2008)*

07-11 *Over 100 Years of Canadian Exports* *(released January 2008)*

NOTES

Countries Included Within World Regions:

(1) Western Europe: United Kingdom, Ireland, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland.

(2) Eastern Europe: other Europe, including all of Russia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, etc.

(3) South East Asia: Malaysia, Brunei Darussalam, Singapore, Myanmar, Kampuchea, Laos, Indonesia, Philippines, Thailand, Vietnam.

(4) Africa: continental Africa, excluding Ethiopia, Libya, Somalia, Sudan, Egypt.

(5) South America: continental South America from Colombia and Venezuela south to Chile and Argentina, including offshore islands, but not Caribbean.

(6) Central America and Caribbean: from Guatemala and Belize to Panama, plus Caribbean Islands.

(7) Pacific Rim (including Japan): Japan, Hong Kong, Malaysia, Brunei Darussalam, Singapore, Laos, Mongolia, China, Indonesia, North Korea, South Korea, Philippines, Macau, Taiwan, Thailand, Vietnam, Australia, Fiji, New Zealand.

(8) Pacific Rim: as above, but excluding Japan.

(9) Middle East: from Turkey and Iran south through the Arabian Peninsula. Excluding Afghanistan and Pakistan, but including Cyprus, Ethiopia, Egypt, Somalia, Sudan and Libya.

The **European Union** is the membership as of January 1, 2007: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

'Selected Value-added Wood Products' category includes prefabricated houses, doors, windows, furniture, moulding, siding, etc. It does not include panel products, shakes, shingles or any pulp and paper products.

Revisions

Statistics Canada revises trade data for the previous three data years with release of the December data. The revision number is indicated in the footer of the tables (e.g., Rev 1 is the first annual revision, etc., and Prelim indicates it is the first release of data to December for that year). In addition to annual revisions, Statistics Canada revises the data for the previous data year every quarter (indicated in the footer by Rev Q1, etc) as well as with the release of the January and February data.

Service Offered for Detailed Trade Statistics

For BC government statistics users requiring more detailed information on exports or imports, a special report service is offered through the address below:

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This service is provided through the Trade Research and Inquiry Package (TRIP) computer reporting system. TRIP offers user-defined tabulations of export or import statistics for BC, Canada, the United States and other countries. Tabulations can include information on commodities, countries, US states, years, months, mode of transport, etc.